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# **National Intelligence Bulletin**

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14 November 1974

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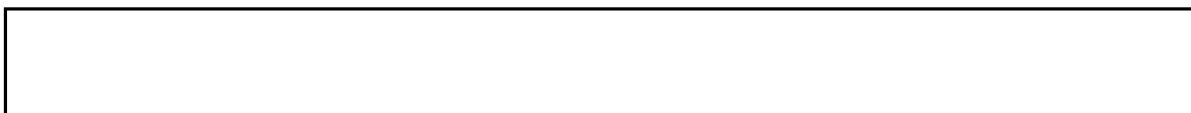
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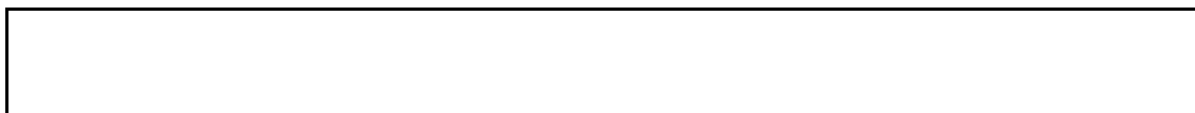
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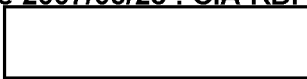
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PLO-UN

Yasir Arafat yesterday asked the UN General Assembly to back the Palestinians' right to return to their homeland; to determine their own future; and to establish a national authority on any Palestinian territory "from which Israeli occupation is removed."

These points were drawn from a comprehensive policy statement approved by the Palestine Liberation Organization in Cairo last June. Arafat, in his address at the UN, declined to repeat the more radical planks of that platform, notably the standard PLO threats directed at Israel. In June, for example, Arafat approved a statement that the PLO would use all means, "foremost of which is armed struggle," to liberate Palestinian land.

Arafat yesterday did not repeat either the Palestinians' usual rejection of UN Security Council Resolution 242, which provides the legal basis for the Geneva peace talks, or their frequent denunciations of Jordan's King Husayn. These omissions almost certainly reflect the PLO leaders' current inclination to hint at compromises with Israel and Jordan in the hope of gaining a meaningful role in peace negotiations and eventually winning control of a truncated Palestinian state.

Arafat's resort to intangible appeals for justice for the Palestinians and his tactic of avoiding threats to Israel were designed to gain wide support for the Palestinians and to avoid giving offense to Israel's backers, particularly the US. The PLO chief decried US support for Israel, which he charged is not in the interest of the "American masses." He appealed to the American people for friendship and for more fruitful relations with the Arab world.

Because the Palestinians have no official status at the UN, Arafat did not offer a specific proposal for a resolution on the Palestine question. Such a proposal will be introduced later in the debate, probably by Egypt.

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Debate on the Palestine question is expected to last until November 21. In order to ensure that its views are heard, Israel has reserved the right to address each session. The Arabs responded by claiming the same prerogative for Syria, their spokesman.

In an initial reaction to Arafat's UN speech, Israeli Prime Minister Rabin said it challenged Israel's very existence and was made on the assumption that Jews have no right to a state. Rabin emphasized, however, that Israel would continue the search for peace with the Arabs in every way--directly or indirectly.

Arab residents in the Israeli-occupied West Bank staged several demonstrations in support of the PLO yesterday. A general strike called for on the West Bank by PLO broadcasts to mark Arafat's UN debut met with only limited success, however, in the face of intensive Israeli pressure. The major exception came in Nablus--long a hotbed of anti-Israeli activity--where the strike was almost totally effective.

The French--on behalf of the nine EC members--have urged Arab representatives in the UN to avoid calling Israel's right to existence into question in any resolution they propose. The Nine appear united in support of Resolution 242 as the basis for any eventual Middle East settlement.

Despite the Nine's determination to avoid a recurrence of the differences that arose over the invitation to the PLO, the self-determination issue may still precipitate a split among the EC countries.

While attention has centered on the General Assembly, other UN organizations have recently been the scene of Arab-Israeli disputes. At a UNESCO meeting in Paris, for

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example, the Arab delegations succeeded in passing a resolution imposing financial sanctions on Israel and condemning it for its excavations in Jerusalem.

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ISRAEL

Prime Minister Rabin will probably have to make concessions to Israeli labor to obtain acceptance of his new economic program, despite the tough public stance adopted by his government against diluting it. Labor's support is essential if the program, aimed at reducing Israel's huge trade deficit, is to have a reasonable chance of success.

Israel's national labor union, Histadrut, is holding out for a government commitment to raise the cost-of-living allowance to compensate for the drastic price rises generated by the new measures. The government has already promised to work with the union to ameliorate the effects of price increases on low-income groups, large families, the elderly, and welfare recipients. The government claims, however, that acceptance of the union's demands would seriously undermine the entire program.

Rabin's hand in the negotiations with Histadrut was strengthened when his ruling coalition held together in the Knesset, where his austerity program was approved on November 12 by a vote of 59 to 41. The vote largely dispelled the uncertainty that has existed as to the degree of support the economic program enjoyed within the government itself.

Rabin and Finance Minister Rabinowitz have made intensive efforts over the past few days to justify the program to the public and especially to union members. The two leaders have portrayed it as necessary to prevent serious unemployment and a further drain on the country's limited foreign exchange, which is needed to help offset the cost of massive imports of military equipment.

Protest demonstrations have nevertheless continued, with brief strikes by communications, transport, and postal workers yesterday. Arab workers in the Israeli-occupied West Bank--which is closely linked to the

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Israeli economy--have also demonstrated. They will be especially hard hit by the price rise of basic commodities; their per capita income is substantially below that of the Israelis.

Press reaction to the program has been generally favorable, and violent protests, such as occurred in the poorer sections of Tel Aviv this week, have been the exception. Much of the rioting there was by teenagers who were encouraged by members of the radical Israeli Black Panthers--an Oriental Jewish youth group protesting the Orientals' low economic, social, and political status in Israel. Police in Tel Aviv have arrested nearly 200 of the demonstrators. [REDACTED]

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TURKEY

After meeting with President Koruturk yesterday, Prime Minister - designate Sadi Irmak said that he will continue the Cyprus policy of former prime minister Ecevit. Irmak is holding talks with the leaders of the various political parties and has already been assured of Ecevit's support in forming a government.

The 70-year-old Irmak was involved in politics and government in the 1940s but pursued a career as physician and professor for 24 years until he was named as a presidential appointee to the Senate this year. His designation as prime minister reportedly was approved by the leaders of the political parties who met with President Koruturk last Monday, but his intention to arrange early elections for next spring could still cause him trouble in gaining final approval by parliament.

If Irmak succeeded in forming a "national coalition," it would have problems reaching agreement on touchy issues--such as possible concessions on Cyprus--but it might also defuse Cyprus as a political issue by sharing the success or failure among all the likely major contestants in the next elections.

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CHINA-USSR

Indications are that the Chinese proposal last week for dealing with the Sino-Soviet border dispute, which included an offer of a nonaggression pact, was a tactical maneuver aimed at displaying Chinese flexibility.

Since the proposal was publicized, Chinese diplomats have been quick to throw a wet blanket on speculation that the proposal signals an improvement in Sino-Soviet relations. A Chinese military attaché in Moscow has twice indicated to US officials that the proposal contains nothing new, and one of his colleagues has told a Japanese diplomat that the proposal merely restates positions China first advanced in 1969. The Chinese clearly hope to leave an impression that Peking has been flexible all along.

Chinese and Soviet propaganda aimed at each other has not changed in any way since the proposal was made. Moscow has remained officially silent on the substance of the Chinese greeting and has yet to publish the terms of the agreement proposed by Peking.

Privately, Soviet spokesmen say that China has not offered anything new and that border talks can reopen whenever Peking presents something new. The Soviets are probably reluctant to make any authoritative response until they decide whether Peking intended anything more than propaganda advantage in publicizing its proposal.

On October 1, in their message to the Chinese on Peking's National Day, the Soviets for the first time referred to their own proposals for lowering Sino-Soviet tensions--proposals that had been mentioned previously in other forums but not in such messages. The Chinese have replied in kind. The Chinese embassy in Moscow, moreover, took special pains to distribute the full text of the proposal to foreign embassies and news services there after Moscow had published it only in censored form. This move is clearly a public relations gesture.

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By conveying an impression of flexibility regarding the Sino-Soviet dispute, and thus implying that China is less concerned about the Soviet threat than it was a few years ago, Peking may hope to remind Washington before the Vladivostok summit that US policy cannot take China for granted. The Chinese seem to believe that US calculations have partly been based on Peking's fears of a Soviet attack.

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JAPAN

The Japanese are developing a large research center that is likely to become one of the world's leading concentrations of scientific and technological resources. Its purpose is:

- to overcome weaknesses in Japan's research system;
- to solve critical technological problems of national importance; and
- to surpass the West in some areas of advanced technology.

The Tsukuba center, located some 40 miles northeast of Tokyo, will be considerably larger than similar government-sponsored centers in other countries, such as the Akademgorodok in Siberia. After a slow start, work at Tsukuba is now proceeding apace, despite inflation and tight money policies. Part of the facility has been finished, and it will be in full operation by the end of 1976.

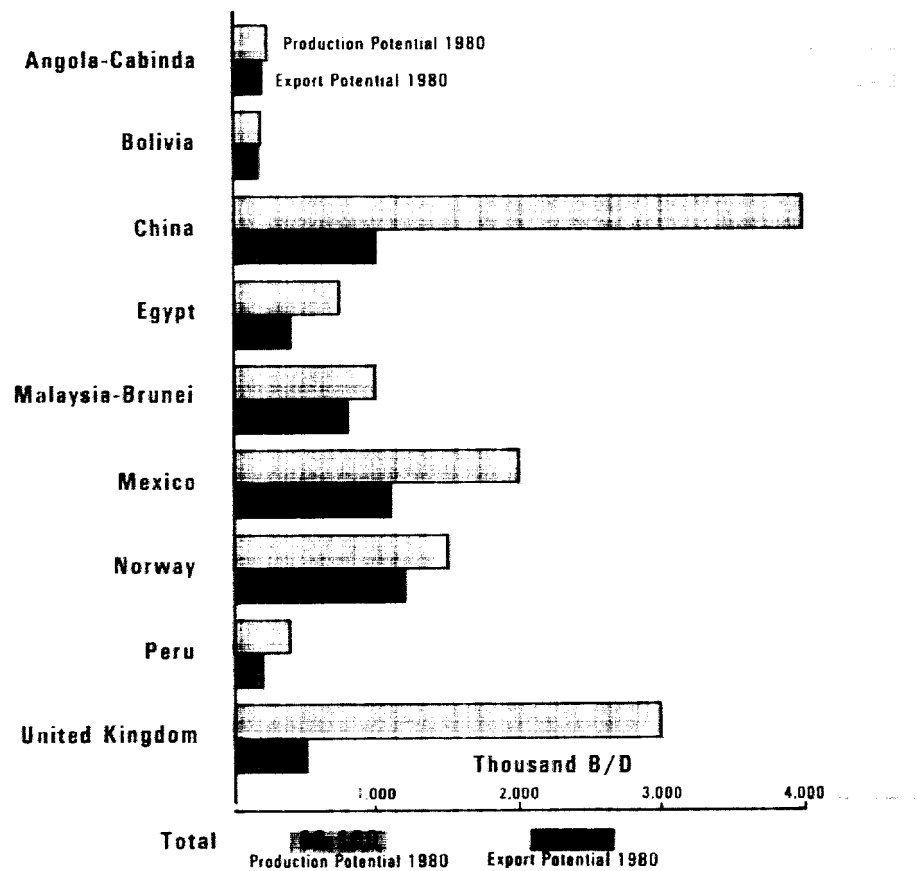
Plans call for some 40 research institutes and involve most of Japan's leading scientific agencies. The government is putting up most of the money--some \$2 billion--while private firms are financing the housing and community services.

Priority projects for Tsukuba will include research on new energy sources, technology for the development of national resources, and antipollution techniques. Basic and applied research programs in physics, chemistry, geophysics, and other sciences are also being started.

The largest installation will probably be an institute for Japan's rapidly expanding space program. To support basic research, a large-proton accelerator will be in operation by 1976.

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### Selected Non-OPEC Countries: Oil Production and Export Potential



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The center is expected to provide a good environment for testing new managerial and educational techniques. Another of its goals is the integration of governmental, industrial, and academic research. Private industry also anticipates significant benefits.

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AUSTRALIA

The Labor government appears to be facing increased opposition to its economic policies from Australia's labor unions, its main base of political support.

A rift has developed between Prime Minister Whitlam's Labor Party and several unions. Bob Hawke, the head of the Australian Council of Trade Unions, claims to have warned Whitlam that sentiment is growing among the workers that the government is not "supporting the people who elected it." Hawke said he was under particular pressure from the manufacturing unions for a change in government policies.

The trade unions are especially concerned over the sharply rising unemployment. Registered unemployment reached 2.5 percent of the work force in October--extremely high for Australia. If seasonal factors and persons coming out of school are taken into account, the rate may be actually around 3.2 percent.

The government announced a number of economic measures this week aimed at stimulating the economy and improving employment, although it will be some time before these measures take full effect. Australian companies can now more easily take out short-term foreign loans and are no longer required to place a portion of overseas borrowings in an interest-free account. The government announced a number of other measures aimed at placating the unions and boosting employment, including cuts in personal and corporate income taxes, increases in import duties on foreign cars, and more funds for housing loans.

These measures will help stimulate the economy, but they run the risk of pushing the inflation rate, now about 22 percent, even higher. The government's success in holding down inflation depends heavily on its ability to restrain the trade unions from seeking a further round of wage increases--but the prospects are not very bright.

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A five-week trip to Europe now being planned by Whitlam may add to the strain between the Labor Party and the trade unions. Whitlam's leaving the country amid such serious economic problems, as well as the length of the trip and its emphasis on "tourist" spots, seems certain to produce criticism not only from the political opposition but also from the trade unions.

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### FOR THE RECORD

Iran-Oman: The Shah has decided to send Iranian reinforcements to Oman as originally planned, according to the US embassy in Tehran. Departure of the task force--which is to lead an offensive against leftist guerrillas in Oman's Dhofar Province--could begin as early as next week. The Shah's decision reportedly was made after receiving a message from Sultan Qabus of Oman stating that he felt unable to contain the Dhofar rebels without continued support from Iranian troops. Tehran halted movement of the troops to Dhofar in mid-October over pique at Oman's alleged failure to coordinate a public statement on Iran's involvement in the counter-insurgency effort.

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East Germany: East Germany apparently is the first foreign country to receive the Soviet SA-4 surface-to-air missile system, which was initially deployed with Soviet forces in 1967. SA-4 transloaders have been observed at two East German installations and in several convoys, indicating that the Germans are in the process of receiving this mobile, medium-to-high altitude weapon system. No confirming evidence in the form of SA-4 tracked transporter-erector-launcher or radar has been observed. The addition of the SA-4 will increase both the mobility and the firepower capabilities of East German air defense, which until now has been built around the SA-2 and SA-3 systems.

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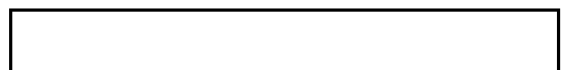
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